

**MATE YELLOWKNIFE
GOLD MINES LIMITED**

**ANNUAL REPORT
1977**

MATE YELLOWKNIFE GOLD MINES LIMITED

Head Office

P.O. Box 40
Commerce Court West
Toronto, Ontario M5L 1B4

Directors

D. J. EMERY
J. D. KRANE
* J. R. SMITH
* J. D. STREIT
* R. S. THOMSON
* Members of Audit Committee

Officers

D. J. EMERY
President
J. D. KRANE
Vice-President
W. R. ROBERTSON
Secretary
N. H. WITHERELL
Treasurer
W. F. AVERY
Controller

Transfer Agent and Registrar

GUARANTY TRUST
COMPANY OF CANADA
Toronto, Ontario

Auditors

THORNE RIDDELL & Co.
Toronto, Ontario

Annual General Meeting of Shareholders

April 14, 1978
11:00 a.m. (Toronto Time)
Conference Room
39th Floor
Commerce Court West
Toronto, Ontario

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

We hereby submit the financial statements of your Corporation as of December 31, 1977 together with the Auditors' Report thereon.

All mining claims held by the Corporation have been maintained in good standing. However, no exploration work was done during the year on the Corporation's property located in the Mackenzie Mining District, Northwest Territories.

Exploration work on the Corporation's property is not anticipated in 1978.

On behalf of the Board,

D. J. EMERY,
President.
Toronto, Ontario,
February 20, 1978.

AUDITORS' REPORT

To the Shareholders of
Mate Yellowknife Gold Mines Limited

We have examined the balance sheet of Mate Yellowknife Gold Mines Limited as at December 31, 1977 and the statements of exploration and administrative expenditures deferred and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE RIDDELL & CO.,
Toronto, Canada,
January 18, 1978.
Chartered Accountants

MATE YELLOWKNIFE GOLD MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1977

ASSETS

CURRENT ASSET	1977	1976
Cash	\$ 850	
MINING CLAIMS		
Claims acquired for 1,000,000 shares of the company's capital stock issued at 5¢ per share and \$15,000 cash (see note)	65,000	\$ 65,000
OTHER ASSETS AND DEFERRED CHARGES		
2,400 Shares Angelus Explorations Inc., at nominal value	1	1
Exploration and administrative expenditures deferred (see note)	173,147	167,264
	173,148	167,265
	<u>\$ 238,998</u>	<u>\$ 232,265</u>

LIABILITIES

CURRENT LIABILITIES

Bank overdraft		\$ 362
Accounts payable and accrued liabilities	\$ 11,445	4,350
	<u>11,445</u>	<u>4,712</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized — 4,000,000 shares of \$1 each		
Issued — 3,352,651 shares	3,352,651	3,352,651
Less discount on shares	3,114,816	3,114,816
	237,835	237,835
DEFICIT	10,282	10,282
	<u>227,553</u>	<u>227,553</u>
	<u>\$ 238,998</u>	<u>\$ 232,265</u>

Note:

Exploration and administrative expenditures amounting to \$173,147 at December 31, 1977 have been deferred with the intention that they should be amortized along with the cost of mining claims, by charges against income from future mining operations. The recovery of these costs is dependent, therefore, upon the obtaining of adequate financing and the development of an economic mining operation.

Approved by the Board:

D. J. EMERY, Director.

R. S. THOMSON, Director.

MATE YELLOWKNIFE GOLD MINES LIMITED

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

YEAR ENDED DECEMBER 31, 1977

	1977	1976
Administrative and general expenditures		
Head office salaries	\$ 1,753	\$ 1,580
Audit fees	450	700
Stock transfer expenses	810	916
Fees and taxes	486	122
Reports to shareholders	1,022	1,137
Directors' fees	1,250	1,250
Sundry expenses	112	152
EXPENDITURES FOR THE YEAR	5,883	5,857
BALANCE DEFERRED AT BEGINNING OF YEAR	167,264	161,407
BALANCE DEFERRED AT END OF YEAR	<u>\$ 173,147</u>	<u>\$ 167,264</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1977

	1977	1976
WORKING CAPITAL DERIVED	Nil	Nil
WORKING CAPITAL APPLIED TO		
Administrative and general expenditures for the year	\$ 5,883	\$ 5,857
DECREASE IN WORKING CAPITAL POSITION	5,883	5,857
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF YEAR ...	(4,712)	1,145
WORKING CAPITAL DEFICIENCY AT END OF YEAR	<u>\$ 10,595</u>	<u>\$ 4,712</u>